COMMONWEALTH OF MASSACHUSETTS

DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY

Investigation by the Department of Telecommunications)
And Energy into whether (1) metering, meter maintenance)
And testing, customer billing, and information services) D.T.E. 00-41
Should be unbundled; and (2) the service territories of distribution)
Companies should remain exclusive, as required by G.L.c. 164.)

COMMENTS OF AUTOMATED ENERGY, INC.

Introduction

Automated Energy, Inc. (AEI) provides customized energy management information and consulting services to producers and consumers of electricity. AEI designs, implements, enhances and manages customized energy consumption information services through our Internet metering and software technology that provides precise, real-time usage and service performance monitoring 24 hours a day, seven days a week. Our customers use this data to manage usage, select and negotiate rate structures, improve consumption and production efficiencies and maximize their potential for savings.

AEI believes that billing and related information services should be unbundled and provided on a competitive basis. Metering and the related information services should also be unbundled, with a special emphasis on the consumer's right to control the consumption data generated on its meter.

Our specific comments to each question asked by the Department are as follows:

(1) What are the costs and benefits that competitive MBIS would provide to consumers of electricity, and to other entities that provide services in the electric industries? Benefits should include, but not be limited to, potential cost savings, the enhancement of available energy- and non-energy-related services, and the extent to which the successful development of the competitive market for generation requires the introduction of competitive MBIS. Please also discuss why these same benefits could not be achieved within the current monopoly structure. Comments on the costs of competitive MBIS should include, but not be limited to, impacts on utility employee staffing and the effect that such competition would have on a distribution company's ability to meet the needs of its customers on an ongoing basis.

Costs:

The standard monthly meter costs $25 - $2,700. It is not communications enabled and must be read manually. For an additional $50-$100, the standard meter can be enabled to be remotely read, albeit still on a monthly basis. For the same incremental amount of money, standard meters can be web-enabled and report usage on a user-defined interval (e.g., hourly basis). Other options are available for varying degrees of cost and effectiveness.

Intangible costs include:

Lack of customer load shifting in response to hourly price signals due to lack of hourly usage information;

Avoidable transmission and generation capacity costs through customer demand reduction in heavy on-peak consumption time periods; and

Lost technological improvement opportunities due to utility exercised monopoly power.

Impacts on utility employees. To focus solely on the impact on utility employee staffing ignores the job creation that will occur within vibrant competitive markets. The new economy of the past several years has demonstrated that there is a net gain of highly skilled, well-paid jobs when traditionally regulated markets are opened to competition.

Benefits:

The best "demand-side management" is consumer behavior and reaction to competitive market and pricing signals. The current protected state of utility measurement technology and utility information systems precludes this behavior and the associated reduction in energy consumption and costs.

If consumers understand that it is more expensive to consume an hour of electricity at 6 pm than at 10 pm and their energy usage is priced on an hourly basis, they will react accordingly. For example, rather than running the dishwasher immediately after dinner, a price-informed consumer will delay that process until 10 pm, thus reducing the price/kWh and shifting load away from peak periods.

If Massachusetts's 3 million customers were to begin even the smallest of time-shifts of energy consumption, the rate of increase of transmission and capacity requirements of the electric grid would be reduced, thus reducing costs.

Retail Energy Suppliers will be better able to design and price products for customers, due to more efficient matching of wholesale supply and retail demand. Currently, new and innovative varieties of wholesale power purchasing options are available, such as long-term bilateral base-load contracts, day-ahead spot market purchases, hour-ahead spot market purchases, weather hedges, futures contracts, etc. For the vast majority of retail load, power is still sold the same way it was 100 years ago - on a monthly basis for billed demand and actual consumption. This mismatch of retail and wholesale markets in Massachusetts is caused primarily by the deficiency of flexible and economical MBIS solutions.

Competition will immediately encourage and advance new measurement and reporting technologies and services. The protected monopoly of vertically integrated utilities hindered the advance of electric measurement systems to the point that the standard meter's technology and capabilities are as outdated as the Model T. This scarcity of solutions is a problem that can only be solved by a competitive marketplace.

Industrial and commercial customers with sensitive processes cannot cost-effectively manage power quality through currently available metering and meter information services under the current monopolistic regime. For example, an equipment manufacturer may wish to understand and manage processes within a plant to determine which parts of the process or machines are causing power quality problems or if the problem is caused by the local distribution utility's service equipment. In order to establish the cause, measure the economic effect, and collect appropriate compensation from either an insurance company or the local distribution utility, new measurement equipment must be installed - another service not provided under the current regulatory environment.

(2) Please describe all services that are currently provided by distribution companies under the broad category of metering, billing, and information systems? Can or should all these services be provided competitively? If not, please identify services that cannot or should not be provided competitively and explain why that is so.

Distribution companies currently:

Read the customer's meter on a monthly basis;

Make that information available some time later to the retail electric supplier and to the ISO;

Install and maintain the meter, the costs of which are paid for in the rates charged to customers;

Bill the customer directly, including the price for generation or make billing determinants as measured by the utility-owned meter available to retail suppliers; and

Operate customer call centers to handle outages, emergencies, billing inquiries, etc.

With few exceptions, competitive market participants can provide all of these services. Competitors in the California, U.K., Norwegian, Australian, and New Zealand markets have, to varying degrees, easily provided all these services. The ease of provision is dependent on the change process pursued by the local regulatory authority.

Metering:

The provision of the meter itself can be provided by competitors sub-contracting for the local retail energy supplier or contracting directly with the customer (in particular, large commercial and industrial customers).

Most importantly, the energy consumption and demand information is, and should remain, the property of the customer. The nature of that information should also be considered the property of the customer. The customer should have the right to designate the uses of that information, e.g., settlements, billing, energy purchasing on (any desired) interval basis, information for energy management purposes, etc.

Finally, the cost of the meter, its installation, operations, maintenance, removal and outputs are already in the utility's rate base. Therefore, access to the meter on the customer side of the meter should be free to the customer, his meter information provider, and his chosen retail electric supplier.

(3) G.L. c. 164, § 1B(a) provides that distribution company service territories shall be based on the service territories actually served on July 1, 1997, and following, to the extent possible, municipal boundaries. Please discuss whether this provision of G.L. c. 164 should be amended or repealed in whole or in part. As part of this response, commenters are encouraged to refer and cite to relevant statutory interpretations or Department decisions.

No comments.

(4) G.L. c. 164, § 1B(a) provides distribution companies with the exclusive obligation to provide distribution service to all retail customers within their respective service territories unless the written consent of the distribution company has been obtained and filed with the Department and clerk of the municipality so affected. Please discuss whether this provision of G.L. c. 164 should be amended or repealed in whole or in part.

No comments.

(5) G.L. c. 164, § 1B(c) prohibits Department-regulated electric companies or their affiliates from using the distribution system of another electric company or make direct or indirect sales to end-use customers in another electric company's service territory unless (1) the Department has approved a restructuring plan for the supplying electric company providing for comparable direct access to end-use customers within its own distribution service territory, or (2) the supplying electric company has entered into an agreement, on or before January 1, 1997, for direct access to an end-use customer located on the border of its service territory. Please discuss whether this provision of G.L. c. 164 should be amended or repealed in whole or in part.

No comments.

(6) To what extent, if any, does the Restructuring Act require or allow the Department to consider whether MBIS should be offered competitively within the natural gas industry?

No comments.

Conclusion

The most important concept for furthering competition is that energy consumption data is the property of the customer and every customer should be able to access their meter to obtain their data. If the customer can cost-effectively manage, transmit, communicate and utilize energy information, then more economically efficient supply and demand decisions are possible.

Customers must also have the right to determine and designate how their energy information is used in the marketplace. This should include the ISO settlements process, retail billing, retail energy purchasing on (any desired) interval basis, energy management, power quality measurement, and so forth.

Automated Energy Inc. would urge the Department to draft rules that establish the customer's right to ownership of energy information, its flows, uses and properties. The sooner relevant customized data flows to consumers, the quicker competitive markets will develop.

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